

TARRY

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 90-49-W/S - ORDER NO. 90-1080
NOVEMBER 5, 1990

IN RE: Application of Kiawah Island Utility)
Company, Inc., for Approval of New) ORDER
Schedules of Rates and Charges for) APPROVING
Water and Sewer Service Provided to) RATES AND
its Customers in its Service Area) CHARGES
in South Carolina.)

I.

INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of an Application filed by Kiawah Island Utility Company, Inc. (the Company or Kiawah) whereby the Company seeks approval of a new schedule of rates and charges for water and sewer service provided to its customers in its service area in South Carolina. The Application was filed pursuant to S.C. Code Ann. §58-5-240 (1976), as amended, and R.103-821 of the Commission's Rules of Practice and Procedure.

By letter dated May 23, 1990, the Commission's Executive Director instructed the Company to cause to be published a prepared Notice of Filing, one time, in a newspaper of general circulation in the area affected by the Company's Application. The Notice of Filing indicated the nature of the Company's Application and advised all interested parties desiring participation in the

scheduled proceeding of the manner and time in which to file the appropriate pleadings. The Company was likewise required to notify directly all customers affected by the proposed rates and charges. The Company furnished affidavits demonstrating that the notice had been duly published in accordance with the instructions of the Executive Director and certified that a copy of the notice had been mailed to each customer affected by the rates and charges proposed in the Company's Application. Separate Petitions to Intervene were filed on behalf of Steven W. Hamm, the Consumer Advocate for the State of South Carolina (the Consumer Advocate); Kiawah Residents Group (KRG); and John P. Freeman.

According to Kiawah's Application, the proposed rates and charges would increase revenue by approximately \$440,884, or 39% as computed by Staff witness Sharpe. The Company's presently authorized rates and charges were approved by Order No. 85-834 issued on August 28, 1985, in Docket No. 85-83-W/S.

The Commission Staff made on-site investigations of the Company's facilities, audited the Company's books and records, and gathered other detailed information concerning the Company's operations. The Consumer Advocate and KRG likewise conducted its discovery in the rate filing of Kiawah.

A public hearing relative to the matters asserted in the Company's Application was commenced in the Offices of the Commission on September 27, 1990, at 10:30 a.m. in the Commission's Hearing Room. Pursuant to §58-3-95, S.C. Code of Laws (Cum. Supp.

1989), a panel of three Commission members composed of Chairman Frazier, presiding, Vice Chairman Yonce, and Commissioner Blackburn, was designated to hear and rule on this matter. Lucas C. Padgett, Jr., Esquire, represented the Company; Elliott F. Elam, Jr., Esquire, represented the Consumer Advocate; Michael A. Molony, Esquire, represented KRG; and Sarena D. Burch, Staff Counsel, represented the Commission Staff.

The Company presented the testimony of Townsend P. Clarkson, Treasurer of Kiawah Island Utility, Inc., the parent company of Kiawah. KRG presented the testimony of Kiawah residents Jack Pullynn and Wallace R. DuBois. The Commission Staff presented Bruce Hulion, Public Utilities Accountant, and Raymond C. Sharpe, Public Utilities Rate Analyst, to report Staff's findings and recommendations.

II.

FINDINGS OF FACT

Based upon the Application, the testimony and exhibits received into evidence at the hearing, and the entire record of these proceedings, the Commission now makes the following findings of fact:

1. That Kiawah Island Utility Company, Inc. is a water and sewer utility providing water and sewer service in its service areas within South Carolina, and its operations in South Carolina are subject to the jurisdiction of the Commission, pursuant to S.C. Code Ann. §58-5-10, et seq. (1976), as amended.

2. That the appropriate test period for the purpose of this proceeding is the twelve-month period ending December 31, 1989.

3. That by its Application, the Company is seeking an increase in its rates and charges for water and sewer service of \$440,884.

4. That the appropriate operating revenues for the Company for the test year under the present rates and after accounting and pro forma adjustments are \$1,129,922 which reflects a \$68,070 decrease in per book revenues.

5. That the appropriate operating revenues under the approved rates are \$1,570,806 which reflects an increase in operating revenues of \$440,884.

6. That the appropriate operating expenses for the Company for the test year under its present rates and after accounting and pro forma adjustments are \$1,245,739, which reflects an increase in per book expenses of \$73,819.

7. That the appropriate operating expenses under the approved rates are \$1,322,392.

8. That the Company's reasonable and appropriate federal and state income tax expense should be based on the use of a 34% federal tax rate and a 5.0% state tax rate, respectively.

9. That the Company's appropriate level of net operating income for return after accounting and pro forma adjustments and prior to rate relief is \$(115,817).

10. That the appropriate net income for return under the rates approved and after all accounting and pro forma adjustments is \$253,208.

11. That the Commission will use the operating margin as a guide in determining the lawfulness of the Company's proposed rates and the fixing of just and reasonable rates.

12. That a fair operating margin that the Company should have the opportunity to earn is 9.57% which is produced by the appropriate level of revenues and expenses, to include interest expense, found reasonable and approved herein.

13. That the rate designs and rate schedules approved by the Commission and the modifications thereto as described herein are appropriate and should be adopted.

14. That the rates and charges depicted in Appendix A, attached herein, and incorporated by reference, are approved and effective for service rendered on and after the date of this Order.

III.

EVIDENCE AND CONCLUSIONS EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NO. 1

The evidence supporting this finding concerning the Company's business and legal status is contained in the Company's Application and in prior Commission Orders in the docket files of which the Commission takes notice. This finding of fact is essentially informational, procedural, and jurisdictional in nature, and the matters which it involves are essentially uncontested.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 2 AND 3

The evidence for these findings concerning the test period and the amount of the revenue increase requested by the Company is contained in the Application of the Company and the testimony and exhibits of Company witness Clarkson.

On May 10, 1990, the Company filed an Application requesting approval of rate schedules designed to produce an increase in gross revenues of \$440,884. The Company's filing was based on a test period consisting of the twelve months ending December 31, 1989. The Commission Staff and the parties of record herein likewise offered their evidence generally within the context of that same test period.

A fundamental principle of the ratemaking process is the establishing of a test year period. The reliance upon the test year concept, however, is not designed to preclude the recognition and use of other historical data which may precede or postdate the selected twelve month period.

Integral to the use of a test year, representing normal operating conditions to be anticipated in the future, is the necessity to make normalizing adjustments to the historic test year figures. Only those adjustments which have reasonable and definite characteristics, and which tend to influence reflected operating experiences are made to give proper consideration to revenues, expenses and investments. Parker v. South Carolina Public Service Commission, et.al., 280 S.C. 310, 313 S.E. 2d 290 (1984).

Adjustments may be allowed for items occurring in the historic test year, but which will not recur in the future; or to give effect to items of an extraordinary nature by either normalizing or annualizing such items to reflect more accurately their annual impact; or to give effect to any other item which should have been included or excluded during the historic test year. The Commission finds the twelve months ending December 31, 1989, to be the reasonable period for which to make our ratemaking determinations herein.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 4 AND 5

The evidence for the findings concerning the adjusted level of operating revenues is found in the testimony and exhibits of Commission Staff witness Sharpe.

The Staff proposed to adjust per book revenues to reflect the correct number of billing units and consumption analysis. Because the Staff's adjustment includes the appropriate billing units and consumption analysis, the Commission will adjust book revenues by \$11,070 as proposed by Staff. This adjustment is appropriate for ratemaking purposes as it reflects the proper level of revenues for the Company.

The Staff and Company proposed to eliminate tap fees from revenue and book as contributions in aid of construction. The Staff's calculation of \$(57,000) differed from the Company's calculation because the Staff included all of the tap fees

collected during the test year while the Company included only anticipated tap fees. The Commission approves Staff's adjustment.

The Staff and Company proposed to adjust revenues to eliminate Hugo insurance reimbursements and interest income and other miscellaneous income. The Staff's adjustment of \$(22,140) differed slightly from the Company's adjustment in that the Company's adjustment included income not associated with utility operations. The Commission accepts Staff's adjustment.

Therefore, for the purposes of this proceeding, the appropriate operating revenues for the Company for the test year under the present rates and after accounting and pro forma adjustments, are \$1,129,922 which reflects a \$68,070 decrease in revenues.

Using the Commission's Finding of Fact No. 12 and the Evidence and Conclusions, infra., approving a 9.57% operating margin, the Company's operating revenues after the approved increase are \$1,570,806.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 6, 7, AND 8

Certain adjustments affecting expenses were included in the exhibits and testimony offered by witness Clarkson for the Company, and witnesses Hulton and Sharpe for the Commission Staff. This Order will address and detail only those accounting and pro forma adjustments affecting expenses which differed between the Company, the Consumer Advocate and the Commission Staff.

ANNUALIZATION OF DEPRECIATION

Both the Staff and the Company proposed to annualize depreciation expense based on year-end plant levels and depreciation rates. Staff's adjustment uses straight line depreciation at 2%, and a straight line 20% depreciation rate on transportation assets. The Staff did not include budgeted capital expenditures in its calculation as the Company did because those expenditures were not known and measurable. Although those expenditures were set forth in certain contracts, the expenditures were contingent upon the Company notifying the contractor that it desired to pursue the contract. Furthermore, the financing needed to begin these expenditures was contingent upon Kiawah's receiving a sufficient rate increase. (See Application, Exhibit H). Kiawah's position is that these expenditures are in the contracts for the Kiawah Island capital improvement program and are therefore known and measurable.

The Commission finds that the Staff's adjustment to increase depreciation expense by \$26,611 properly reflects the depreciation expense based on year-end plant levels, appropriate depreciation rates and appropriate ratemaking principles. Staff's adjustment is adopted for ratemaking purposes herein.

PAYROLL TAXES

Staff proposes to properly show payroll taxes as operating taxes. The Company had included such taxes as operating and maintenance expenses. Therefore, the Commission finds that the payroll taxes of \$19,957 should be removed from Operation and Maintenance expenses and labeled as operating taxes.

CUSTOMER GROWTH

The Staff computed a growth factor of 1.93% for the test year. The Commission does not recognize negative growth, therefore, growth was computed only after the proposed increase, since computing growth in all other instances would have resulted in negative growth. The Commission accepts Staff's calculation.

PURCHASED WATER

The Company proposed to adjust Operation and Maintenance expenses for an anticipated rate increase of 8% by the City of Charleston for purchased water. The Staff opposed this adjustment because the rate increase, although proposed, had not been implemented at the time of hearing and therefore was not a known and measurable change. The Commission rejects the adjustment since the rate increase has not been put into effect.

WATER TANK

The Staff and the Company proposed to adjust maintenance expense for refurbishing and painting the water tank. The Staff's adjustment of \$15,128 differs slightly from the Company's because the Staff used only figures that it could verify at the time of Staff's audit. The Commission approves Staff's adjustment.

ANNUAL MANAGEMENT FEE

The Staff proposes to book the annual management fee of \$36,000. The Company indicated that it had included the fee in per book operations, per the application Exhibit D, but had not done so. Therefore, the Commission approves Staff's adjustment.

AVAILABILITY FEES

The Staff proposed an adjustment of \$(26,363) to eliminate contributions in aid of construction associated with availability fees and tap fees from depreciation expense in compliance with the Commission's previous rate order for Kiawah, Order No. 85-834, Docket No. 85-83-W/S. The Company's position is that since there are no availability fees in existence today, such an adjustment cannot be made. The Commission finds that Staff's adjustment is in compliance with its previous order and approves this adjustment. There is a fee currently in existence called a building incentive fee which is for the same purpose as the former availability fee, therefore, the adjustment must be made.

MISCELLANEOUS

The Commission will hereby adjust general taxes, and state and federal income taxes to reflect all adjustments approved herein. All accounting and pro forma adjustments proposed by the Staff and not objected to by any other party are hereby approved. All other adjustments proposed by any party inconsistent therewith have been reviewed by the Commission and found to be unreasonable or inappropriate for ratemaking purposes and are hereby denied.

EVIDENCE AND CONCLUSIONS FOR FINDINGS OF FACT NOS. 9 AND 10

Based on the Commission's determinations concerning the Accounting and Pro Forma adjustments to the Company's revenues and expenses, and its determination as to the appropriate level of revenues and expenses, (see, Evidence and Conclusions for Finding

of Fact No. 12) net income for return is found by the Commission as illustrated in the following Table:

TABLE A
NET INCOME FOR RETURN

BEFORE RATE INCREASE	\$
Operating Revenues	1,129,922
Operating Expenses	1,245,739
Net Operating Income	(115,817)
Interest During Construction	-0-
Customer Growth	-0-
Net Income for Return	<u>(115,817)</u>
AFTER RATE INCREASE	
Operating Revenues	1,570,806
Operating Expenses	1,322,392
Net Operating Income	248,414
Interest During Construction	-0-
Customer Growth	4,794
Net Income for Return	<u>253,208</u>

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NOS. 11 AND 12

Under the guidelines established in the decisions of Bluefield Water Works and Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923), and Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944), this Commission does not ensure through regulation that a utility will produce net revenues. As the United State Supreme Court noted in the Hope Natural Gas decision, supra, the utility "has no constitutional rights to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures." However, employing fair and enlightened judgment and giving consideration to all relevant

facts, the Commission should establish rates which will produce revenues "sufficient to assure confidence in the financial soundness of the utility and...that are adequate under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties." Bluefield, supra, at 692-693.

Neither S.C. Code Ann., §58-5-290 (1976), nor any other statute prescribes a particular method to be utilized by the Commission to determine the lawfulness of the rates of a public utility. For ratemaking purposes, this Commission examines the relationships between expenses, revenues and investment in an historic test period because such examination provides a constant and reliable factor upon which calculation can be made to formulate the basis for determining just and reasonable rates. This method was recognized and approved by the Supreme Court for ratemaking purposes involving utilities in Southern Bell Telephone and Telegraph Co. v. The Public Service Commission of S.C., 270 S.C. 590, 244 S.E.2d 278 (1978).

For water and sewerage utilities, where the utility's rate base has been substantially reduced by customer donations, tap fees, contributions in aid of construction and book value in excess of investment the utility may request, or the Commission may decide, to use the "operating ratio" and/or "operating margin" as guides in determining just and reasonable rates, instead of examining the utility's return on its rate base. The operating ratio is the percentage obtained by dividing total operating

expenses by operating revenues. The obverse side of this calculation, the operating margin, is determining by dividing net operating income for return by the total operating revenues of the utility.

In this proceeding, the Commission will use the operating margin as a guide in determining the lawfulness of the Company's proposed rates and if necessary, the fixing of just and reasonable rates. This method was recognized as an acceptable guide for ratemaking purposes in Patton v. South Carolina Public Service Commission, 280 S.C. 288, 312 S.E.2d 257 (1984).

The following Table indicates the Company's gross revenues for the test year, after accounting and pro forma adjustments under the presently approved schedules; the Company's operating expenses for the test year after accounting and pro forma adjustments; and the operating margin under the presently approved schedules for the test year:

TABLE C

	\$
Operating Revenues	1,129,922
Operating Expenses	1,245,739
Net Operating Income (Loss)	(115,817)
Add: Customer Growth	-0-
Total Income for Return (Loss)	(115,817)
Operating Margin (After Interest)	(19.36%)

The following Table shows the effect of the Company's proposed rate schedule, after accounting and pro forma adjustments approved herein:

TABLE D

	\$
Operating Revenues	1,570,806
Operating Expenses	1,322,392
Net Operating Income	248,414
Add: Customer Growth	4,794
Total Income for Return	<u>253,208</u>
Operating Margin (After Interest)	<u>9.57%</u>

The Commission is mindful of those standards delineated in the Bluefield decision, supra, and of the balance between the respective interest of the Company and of the consumer. The Commission has considered the spectrum of relevant factors in this proceeding, the revenue requirements for the Company, the proposed price for which the Company's service is rendered, the quality of that service, and the effect of the proposal upon the consumer, among others.

The three fundamental criteria of a sound rate structure have been characterized as follows:

...(a) the revenue-requirement or financial-need objective, which takes the form of a fair-return standard with respect to private utility companies; (b) the fair-cost apportionment objective which invokes the principle that the burden of meeting total revenue requirements must be distributed fairly among the beneficiaries of the service; and (c) the optimum-use or consumer rationing under which the rates are designed to discourage the wasteful use of public utility services while promoting all use that is economically justified in view of the relationships between costs incurred and benefits received.

Bonbright, Principles of Public Utility Rates (1961), p.292.

The Commission has considered the proposed increase presented by the Company in light of the various standards to be observed and the interests represented before the Commission.

The Company provided the testimony of Mr. Clarkson who provided information concerning the substantial capital improvement program the Company has begun in order to provide water and sewer services to its present customers and have utility services available for future development. The projected cost of the capital improvements, including engineering fees, commitment fees and interest reserve, is \$2,500,000, according to witness Clarkson's testimony.

The Commission must balance the interests of the Company -- the opportunity to make a profit or earn a return on its investment, while providing adequate water and sewerage service -- with the competing interests of the ratepayers -- to receive adequate service at a fair and reasonable rate. In balancing these competing interests, the Commission has determined that the proposed schedule of rates and charges is just and reasonable and appropriate for both the Company and its ratepayers.

It is incumbent upon the Commission to approve rates which are just and reasonable, not only producing revenues and an operating margin within a reasonable range, but which also distribute fairly the revenue requirements, considering the price for which the Company's service is rendered and the quality of that service. Based upon the record in the instant proceeding, the Commission

concludes that a fair operating margin that the Company should have an opportunity to earn is 9.57%, which requires annual operating revenues of \$1,570,806. The following table reflects an operating margin of 9.57%:

<u>TABLE E</u>	
	\$
Operating Revenues	1,570,806
Operating Expenses	1,322,392
Net Operating Income	<u>248,414</u>
Add: Customer Growth	4,794
Total Income for Return	<u>253,208</u>
Operating Margin (After Interest)	= <u>9.57%</u>

While the Commission is aware of the impact on the customers of granting additional annual revenues in the amount of \$440,884, the Company has provided justification for such an increase, and the schedule of rates and charges approved herein depict just and reasonable rates.

EVIDENCE AND CONCLUSIONS FOR FINDING OF FACT NOS. 13 AND 14

The Commission will spread the increase among the various services offered by the Company in the following manner:

WATER

The Company is currently charging \$12.00/month for its minimum bill (0-5,000 gal/month) for residential and commercial water service. The Company proposes to increase this to 15.00/month. To achieve the approved operating margin and level of revenues, the Commission will approve a residential and commercial charge of \$15.00/month for its minimum bill (0-4,000 gal/month).

The Company proposed to increase the commodity charge for water from 1.20/1,000 gallons for consumption above 5,000 gallons to 1.60/1,000 gallons for consumption above 4,000 gallons for both residential and commercial customers. To achieve the approved operating margin and level of revenues, the proposed commodity charge should be increased to \$1.60/1,000 gallons for consumption above 4,000 gallons for both residential and commercial customers.

The Company proposed that whenever service has been disconnected for reasons other than violation of regulations, overpayment of bills, or fraudulent use of service, and the Company is required to reconnect service to a unit that has had the service disconnected, the Company shall have the right to charge a \$25.00 reconnection fee for restoration of service after 4:30 p.m. Monday through Friday or Saturday and Sunday. The Commission approves this proposal.

A fee of \$5.00 was proposed by the Company to be charged each customer to whom the Company mails a notice of discontinuance of service as required by the Commission Regulations prior to service being disconnected. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost. The Commission finds that this proposal is reasonable and approves this fee.

The Company also proposed a customer account charge of \$25.00 to be a one-time fee charged to each new account to defray costs of initiating service. The Commission finds that this charge should be approved.

The Commission finds that the other proposals in the Company's rate schedule for water service do not necessarily affect Kiawah's operating margin, but primarily set forth the Company's policies in regard to various situations. The Commission has reviewed these policies and finds that they should be approved.

SEWER

The Company presently charges its residential and commercial sewer customers \$16.00 per month. The Company proposes to increase the charge to \$20.00 per month. To achieve the approved operating margin and level of revenues, the Commission will approve a proposed charge of \$20.00 per month.

The Company proposed that whenever service has been disconnected for reasons other than violation of regulations, overpayment of bills, or fraudulent use of service, and the Company is required to reconnect service to a unit that has had the service disconnected, the Company shall have the right to charge a \$25.00 reconnection fee for restoration of service after 4:30 p.m. Monday through Friday or Saturday and Sunday. The Commission approves this proposal.

A fee of \$5.00 was proposed by the Company to be charged each customer to whom the Company mails a notice of discontinuance of

service as required by the Commission Regulations prior to service being disconnected. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost. The Commission finds that this proposal is reasonable and approves this fee.

The Company also proposed a customer account charge of \$25.00 to be a one-time fee charged to each new account to defray costs of initiating service. The Commission approves this proposal.

The Commission finds that the other proposals in the Company's rate schedule for sewer service do not necessarily affect Kiawah's operating margin, but primarily set forth the Company's policies in regard to various situations. The Commission has reviewed these policies and finds that they should be approved.

The Commission finds and concludes that the rates and charges approved herein achieve a balance between the interest of the Company and those of its affected customers. This results in a reasonable attainment of our ratemaking objectives in light of applicable statutory safeguards.

IT IS THEREFORE ORDERED:

1. That the proposed schedule of rates and charges by the Company are found to be reasonable and are hereby granted.
2. That the schedule of rates and charges attached hereto as Appendix A, be, and hereby are, approved for service rendered on or

after the date of this Order, and the schedules be, and are hereby deemed to be filed with the Commission pursuant to S.C. Code Ann., §58-5-240 (1976), as amended.

3. That should such schedule not be placed in effect until three (3) months of the effective date of this Order, such schedule as contained herein shall not be charged without written permission from the Commission.

4. That the Company shall maintain its books and records for sewer operations in accordance with the NARUC Uniform System of Accounts for Class B Water and Sewer Utilities, as adopted by this Commission.

5. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

KIAWAH ISLAND UTILITY, INC.

DOCKET NO. 90-49-W/S - ORDER NO. 90-1080
NOVEMBER 5, 1990
APPENDIX A

RATE SCHEDULE NO. 1
RESIDENTIAL SERVICE

AVAILABILITY -- Available within the Company's certificated service area.

APPLICABILITY -- Applicable to any residential customer for any purpose.

CHARACTER OF SERVICE -- Water and sewer service.

Charges --

Water Service Charge

<u>Monthly Consumption</u>	<u>Water Rate</u>
Minimum Bill 0 - 4000 gal./mo.	\$15.00/mo.
All over 4000 gals./mo.	\$ 1.60/1000 gals.

Sewer Service Charge

A flat rate of \$20.00/mo.

<u>TAP FEES</u> -- Water tap-in fee	\$500.00
Sewer tap-in fee	\$500.00

The tap-in Fee provides for installation of the normal size residential meter of 5/8" by 3/4". Where the customer requests a larger meter, Company will apply the tap-in fee schedule for larger meters as listed in the Commercial Service Schedule No. 2.

RATE SCHEDULE NO. 2
COMMERCIAL SERVICE

AVAILABILITY -- Available within the Company's certificated service area.

APPLICABILITY -- Available to any Commercial or Master Metered Residential Customer for any purpose except Hotel or Motel use (see Rate Schedule No. 3).

WATER SERVICE CHARGES

	gal./mo.
A. Minimum Bill 0-4000 gal./mo.	
5/8" meter	\$ 15.00/mo.
3/4" meter	\$ 22.50/mo.
1" meter	\$ 37.50/mo.
1 1/2" meter	\$ 75.00/mo.
2" meter	\$120.00/mo.
3" meter	\$262.50/mo.
Minimum Water Service Charge for meters larger than 3" shall be:	
<u>Maximum recommended meter capacity (gpm) X \$15.00 per mo.</u>	
20 gpm	
B. Consumption Charge	
All over 4000 gal./mo.	\$1.60/1000 gal. for all consumption

SEWER SERVICE CHARGES

A. Minimum Bill	
5/8" meter	\$ 15.00
3/4" meter	\$ 22.50
1" meter	\$ 37.50
1 1/2" meter	\$ 75.00
2" meter	\$120.00
3" meter	\$262.50
Minimum Sewer Service Charge where water service is through meters larger than 3" in size shall be:	
<u>Maximum recommended meter capacity (gpm) X \$15.00 per mo.</u>	
20 gpm	
B. Consumption Charge	
All over 4000 gal./mo.	\$1.60/1000 gal.

TAP FEES

Tap-in Fees	Water Tap-in Fees	Sewer Tap-in Fee
5/8" meter	\$ 500	\$ 500
3/4" meter	\$ 750	\$ 750
1" meter	\$1250	\$1250
1 1/2" meter	\$2500	\$4000
2" meter	\$4000	\$4000
3" meter	\$8750	\$8750

Water Tap-in Fee and Sewer Tap-in Fee for water and sewer service where the Water meter is larger than 3" in size shall be:
Maximum recommended meter capacity (gpm) X \$500.00 per mo.
20 gpm

RATE SCHEDULE NO. 3
HOTEL AND MOTEL SERVICE

AVAILABILITY -- Available within the Company's Certificated Service Area.

APPLICABILITY -- Applicable to all hotel and motel customers for any purpose.

Water Service Charge

Minimum Bill	\$6.00/mo/room
All consumption	\$1.60/1000 gal.

Sewer Service Charge

Minimum Bill	\$6.00/mo/room
All consumption	\$1.60/1000 gal.

Tap-in-Fees

Water Tap-in Fee	\$220/room
Sewer Tap-in Fee	\$220/room

RATE SCHEDULE NO. 4
IRRIGATION SERVICE

AVAILABILITY -- Available within the Company's Certificated Service Area. The Company reserves the right to limit or reduce the amount of irrigation service available when, in its sole judgment, its water system conditions require such restrictions.

APPLICABILITY -- Applicable only to customers who anticipate substantial potable water use which will not be returned to the Company's wastewater treatment system such as irrigation. Such water consumption shall be metered separately from any water use supplied under other rate schedules.

CHARGES

WATER SERVICE CHARGES

- A. Minimum Bill 0-4000 gal./mo.
- | | |
|--------------|--------------|
| 5/8" meter | \$ 15.00/mo. |
| 3/4" meter | \$ 22.50/mo. |
| 1" meter | \$ 37.50/mo. |
| 1 1/2" meter | \$ 75.00/mo. |
| 2" meter | \$120.00/mo. |
| 3" meter | \$262.50/mo. |
- Minimum Water Service Charge for meters larger than 3" shall be:
- Maximum recommended meter capacity (gpm) X \$15.00 per mo.
20 gpm
- B. Consumption Charge
- | | |
|------------------------|------------------|
| All over 4000 gal./mo. | \$1.80/1000 gal. |
|------------------------|------------------|

TAP FEES

5/8"	meter	\$ 500
3/4"	meter	\$ 750
1"	meter	\$1250
1 1/2"	meter	\$2500
2"	meter	\$4000
3"	meter	\$8750

Water Tap-in Fee where the water meter is larger than 3" in size shall be:

Maximum recommended meter capacity (gpm) X \$500.00
20 gpm

RATE SCHEDULE NO. 5
FIRE HYDRANT SERVICE

AVAILABILITY -- Available within the Company's Certificated Service Area.

APPLICABILITY -- Applicable to fire hydrants connected to the water mains of the Company.

CHARGES

\$75.00 per hydrant per year payable semiannually in advance for fire fighting service. When temporary water service from a hydrant is requested by a contractor or others a meter will be installed and the charge will be:

\$8.00 for each day of use PLUS \$1.80/1000 gals. for ALL water used.

RATE SCHEDULE NO. 6
GOLF COURSE IRRIGATION

AVAILABILITY -- Available within the Company's Certificated Service area.

APPLICABILITY -- Applicable for golf course irrigation where the customer agrees to take as a minimum quantity the treated effluent from waste water treatment plant.

CHARGES

- A. Water, the source of which is the effluent from the sewerage collection system and which has been processed through the waste water treatment plant, will be billed at the rate of:

Minimum Bill - \$122.50/month
Consumption - \$ 0.25/1000 gal.

- B. The deep-well water will be billed at the rate of:

Minimum bill - \$122.50/month
Consumption - 0.75/1000 gal.

C. Potable water will be billed at the rate of:

Minimum bill - \$122.50/month
Consumption - \$ 1.80/1000 gal.

CHARGES FOR DISCONTINUANCE
AND RECONNECTION OF SERVICE

CHARGES

- 1) When a customer requests temporary discontinuance of service for the apparent purpose of eliminating the minimum bill during such cut-off period the Company may make a charge equivalent to a three months minimum bill for both water and sewer service and require payment of such charge before service is restored.
- 2) Temporary discontinuance of service for such purposes as maintenance or construction will be made and the Company may charge the customer the actual cost plus 25%.
- 3) Whenever service is disconnected for violation of rules and regulations, nonpayment of bills or fraudulent use of service, the Company may make a charge of \$25.00 for water and \$100.00 for sewer before service is restored.
- 4) Whenever service has been disconnected for reasons other than set forth in (3) above, and the Company is required to reconnect service to a unit that has had the service disconnected, the Company shall have the right to charge a \$25.00 reconnection fee for restoration of service after 4:30 p.m. Monday through Friday or Saturday and Sunday.
- 5) Delinquent Notification Fee - \$5.00. A fee of \$5.00 shall be charged each customer to whom the Company mails a notice of discontinuance of service as required by the Commission Rules prior to service being discontinued. This fee assesses a portion of the clerical and mailing costs of such notices to the customers creating that cost.
- 6) Customer Account Charge - \$25.00. One-time fee charged to each new account to defray costs of initiating service: \$25.00.